



SEMA & AAPEX SHOW REPORT

**Las Vegas Convention Centre, Las Vegas, Nevada, USA
October 31 – November 3, 2006**

The CTMA was represented by Robert Cattle and David Glover at the SEMA (Specialty Equipment Market Association) and AAPEX (Automotive Aftermarket Products Expo) shows that were held at the Las Vegas Convention Centre, Las Vegas, Nevada, USA. Copies of the association's Buyer's Guide & Members' Capability List were distributed to potential customers.

The combination of these two shows is the largest annual event dedicated to the more than \$267 billion North American automotive aftermarket sector. The AAPEX show is dedicated to the aftermarket activities directed at replacement parts, maintenance products and the servicing of vehicles. The SEMA show is dedicated to the customization, add-ons, and performance sector of the aftermarket sector.

SEMA Show:

The SEMA show has grown year by year and now is considered one of the trend setters for the OEM auto industry. Many of the products on display have been developed in response to the demands of the marketplace where small custom manufacturers are able to develop low volume unique products tailored to the desires of the individual automotive enthusiast. Some of these unique concepts eventually find their way into the mainstream of new car manufacturing. As a result, all automobile manufacturers world-wide that sell product in North America had a presence at this show. Some of these manufacturers have participated in this aftermarket activity with dealer installed aftermarket products. Initially these products were endorsed by the OEMs, distributed through their dealer parts network, and installed by their dealerships. This then evolved with OEMs assisting and participating in the development of these aftermarket products and now some OEMs have established in-house design studios that are creating these aftermarket products - parallel to vehicle development. These designs and the right to manufacture these products is then sold by the OEMs to aftermarket manufacturers who then have the exclusive right to manufacture and distribute these products through their dealership network. These types of products are directed at the full spectrum of the automotive market from Sedan to SUV. At the same time, OEMs are also looking at products on display to potentially add to their aftermarket distribution network. Beyond this, the OEMs are also looking for new ideas that could be incorporated into future vehicles.

The SEMA show is divided into seven major sections as follows:

1. ***Performance Tires & Wheels*** – the latest in wheel and tire designs for the automotive high performance market; the trend to low profile tires on large rims continues to develop; as well as new products and developments for this sector and to service this sector.

2. ***Truck, SUV, and Off-Road Performance Tires & Wheels*** – this section of the show has grown to take floor space equal to the automotive performance wheel and tire area. In addition, truck accessories were also on display in this area. The theme was to extend the use of the truck to service both work and play. Many accessories were directed at extending the truck to an entertainment center with facilities that cater to tail-gate parties and other activities.
3. ***Mobile Electronics & Technology*** – The vehicles displayed were high power mobile entertainment centers with the sound systems designed as much for in car as outside car use. Remote control, blue tooth integration, and wireless communications have advanced this development trend. GPS guidance; video camera rear view; blind spot sensing; and a host of other developments continue to evolve as standard features and added onto vehicles. With control space being limited in a vehicle, more systems are being integrated into a single multi-function system.
4. ***Restyling and Accessories*** – In this area we found the latest in paint and other finishes for vehicles - virtually any accessory imaginable - many new ideas for the vehicle accessory sector; a full range of ground-effects kits for almost every vehicle built; and restyling kits that convert various vehicles into totally new looking dream cars that don't even resemble the original vehicles.
5. ***Car Care & Accessories*** – This area was up against the restyling area and thus was interspersed with accessories. The primary focus of this area was directed at the car care system that is primarily available through detail shops. These included finish maintenance and restoration systems as well as finish protection system to preserve the new look of vehicles longer.
6. ***Hot Rod Alley, Racing & Performance, and Restoration Marke place*** – This was the origin of the SEMA show and so it is fitting that it occupied most of the floor space. In this area we found engines; engine accessories; engine performance add-on systems; suspension upgrades; a broad range of upgrade high flow exhaust systems; engine electronics up grades and controls; and many more. The trend is to develop more power from less displacement and then provide power boosts on demand; then provide the systems that can use and control this increased power on the road.

AAPEX Show:

The AAPEX was not sectioned like the SEMA show since most exhibitors were involved with a wider range of products. The show however was divided into two main sections being the upper and lower floor. The lower floor was almost totally dedicated to Pacific Rim exhibitors that were offering virtually every product currently available in North America. On the upper floor were the traditional North American suppliers of automotive aftermarket products. On the floor we found every part available for every vehicle in North America. This included standard

replacement products like filters and replacement wear components. These covered drive train, suspension, heating and AC systems, engine cooling systems, and all body and chassis replacement components, including replacement plastic trim and body components.

Most OEM manufacturers to the new car market have developed products for the aftermarket sector as well. In most cases the aftermarket products are engineered products that, in most cases, out perform the original part on the vehicle. There was also a group of manufacturers that specialize in producing highly specialized replacement parts with greatly improved performance serving niche markets.

The lucrative aftermarket parts market has received the undivided attention of the Pacific Rim manufacturing community which, at the AAPEX show, targeted virtually every part currently available in the North American market place. In fact, there were more Pacific Rim exhibitors than North American Exhibitors (roughly 1.3 to 1).

Summary/Recommendations:

The SEMA and AAPEX shows are one of the best places to be introduced to the \$267⁺ billion North American automotive aftermarket; make some key contacts in this market sector; scout the new products, design concepts and systems being developed in this sector (many of which find their way into the OEM market); benchmark your new idea or concept against what is happening in this market sector; and find new customers to expand your existing market base.